

**STATEMENT OF  
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**BEFORE THE  
  
COMMITTEE ON APPROPRIATIONS  
SUBCOMMITTEE ON TRANSPORTATION, HOUSING AND URBAN  
DEVELOPMENT, AND RELATED AGENCIES  
UNITED STATES HOUSE OF REPRESENTATIVES**

**March 23, 2010**

Good morning. Thank you Chairman Olver and members of the Subcommittee for the opportunity to appear before you today to discuss the President's fiscal year (FY) 2011 budget for the Federal Transit Administration (FTA). The FTA budget for FY 2011 is \$10.8 billion, an increase of \$67 million above the FY 2010 enacted level. This budget advances the Administration's domestic and fiscal priorities.

FTA reformats and restructures its programs and accounts in this budget to better reflect the Administration's commitment to improve our Nation's public transportation system. This includes bringing bus and rail transit infrastructure to a state of good repair in order to provide more efficient and reliable public transportation while building new transit systems in high-growth areas of the country. This budget supports the President's and the Secretary's rail transit safety priorities and initiatives to promote livable and sustainable neighborhoods, cities and towns across the country. In addition, this budget consolidates some existing programs and creates a new program to reduce greenhouse gas emissions in public transportation.

Transit systems across the country play an important role in enhancing the nation's economic competitiveness by carrying tens of millions of riders each day to jobs, employment centers, schools, and colleges. Over 10.3 billion trips were taken on transit last year – the highest ever.

To meet the Administration's commitment to improve public transportation, FTA's workforce must include more community planners, environmental specialists, engineers and financial analysts to ensure projects are designed and implemented in the most efficient and cost-effective manner. We request 20 additional full-time equivalents (FTE) to help ensure that FTA stewardship of Federal transit funds meets this Administration's high standards, particularly as they relate to eliminating and preventing waste, fraud, and abuse.

## **Transit Safety**

The Metrorail crash in Washington, D.C. last summer was a horrific event. However, even before this June 2009 accident, we became concerned about accidents and safety lapses at the Chicago Transit Authority, the MUNI system in San Francisco, the “T” in Boston and elsewhere. While we believe the situation at Washington Metro -- documented in a recent FTA review -- is particularly troubling, some of the deficiencies and vulnerabilities at Metro and the Tri-State Oversight Committee (TOC) are similar to problems that exist at transit agencies and State Safety Organizations across America. The Secretary formally transmitted a legislative proposal to improve transit safety to the Speaker of the House and the President of the Senate back on December 7, 2009. We urge Congress to move forward with our transit safety reform bill now.

FTA’s 2011 budget includes the resources to begin implementation of the Administration’s rail transit safety legislation embodied in the “Public Transportation Safety Program Act of 2009.” The FTA cannot move forward to address these problems in any meaningful way while we are still prohibited by law from issuing safety regulations or conducting direct safety oversight.

The Administration looks forward to prompt enactment of its safety legislation and requests in this budget \$24.1 million for a new Rail Transit Safety Oversight Program and an additional \$5.5 million to fund 30 FTE in FTA’s new and expanded Office of Safety. The Rail Transit Safety Oversight Program will fund on-site spot inspections and safety audits conducted by Federal and/or State technical specialists and inspectors with backgrounds in train control, track, operations, and other disciplines.

This budget request also includes \$150 million authorized in the Federal Rail Safety Improvements Act of 2008, for capital and preventive maintenance projects at the Washington Metropolitan Area Transit Authority (WMATA). The Administration and Congress agree that funds should first address safety shortfalls identified by the National Transportation Safety Board (NTSB). The Secretary will use his grant approval authority to ensure that WMATA uses these funds to address its most critical safety needs.

## **Infrastructure Investment Ensuring a “State of Good Repair”**

Ensuring that the Nation’s transportation infrastructure reaches a “state of good repair” is a high priority for the Department of Transportation. To that end, the FTA transmitted a report to Congress in April 2009 that identified a \$50 billion capital reinvestment and maintenance backlog of rail assets at the seven largest and oldest rail systems. Preliminary results from a follow-on study including more rail transit and bus properties show that 41 percent of bus assets nationwide are in marginal or poor condition. Both studies show that funding from Federal, State, and local sources needs to be strategically invested to achieve a state of good repair for our transit infrastructure. Newer, more reliable track, signal systems, and vehicles will ensure safe and dependable rail transit operations serving the American public. In

addition, modernized bus facilities yield greatly improved workplace conditions and more efficient operating budgets.

To address this major challenge, the budget merges and expands the Bus and Bus Facilities and the Fixed Guideway Modernization programs and provides \$2.9 billion, an 8 percent increase over the combined programs' FY 2010 level of funding, into a new Bus and Rail State of Good Repair fund. By focusing on the backlog with increased Federal funding our aging transit infrastructure can begin to be brought to a "State of Good Repair." Without reinvestment and rehabilitation, our public transportation infrastructure will not be able to maintain critical safety margins or support the needs of growing ridership. It is critical and timely that we address our aging transit infrastructure through good and sustained investments in projects that have real benefits. We must devote resources to not only preserve and improve our existing assets, but to increase the capacity of our transit networks to efficiently and safely move passengers, using new construction where needed, innovative technology, and operational improvements.

In addition, this budget includes \$4.6 billion by formula for capital improvements to transit systems in urbanized areas and \$545.1 million for capital, and in some instances operating assistance in small urban and rural areas. These funds help provide reliable, dependable, and safe public transportation. A significant amount of these funds are invested in the basic needs of maintaining and sustaining the \$607.2 billion in transit capital assets already on the ground, though the needs are far greater in some areas. In smaller urban areas and rural areas with a population of less than 200,000, these funds also provide much needed operating assistance to actually get transit service on the road day to day.

### **Major Capital Investments**

To provide more transportation choices, the budget includes \$1.8 billion for FTA's Capital Investment Grants -- New Starts and Small Starts. The New Starts and Small Starts programs are the Federal Government's primary financial resource for supporting locally planned, implemented, and operated major transit capital projects. These programs have helped make possible dozens of new or extended transit fixed guideway systems across the country -- heavy rail, light rail, commuter rail, bus rapid transit, and ferries. These public transportation investments have improved the mobility of millions of Americans, provided alternatives to congested roadways, and fostered the development of more viable, safe, and livable communities.

In FY 2011, \$1.6 billion is proposed for capital investment grants for projects that have a capital cost greater than \$250 million, or that request a New Starts share greater than \$75 million. These funds are requested to honor 12 existing and pending Full Funding Grant Agreements (FFGAs) and 6 projects that are expected to be ready for a funding commitment in FY 2011. In addition, \$200 million is proposed for Small Starts projects. The current criteria limits project sponsors to a maximum Small Starts share of no more than \$75 million with a total capital cost of less than \$250 million. These projects can be new fixed guideway systems, extensions to existing fixed guideway systems, and substantial corridor-based bus improvements.

On January 13, 2010, the Administration announced a change in policy to the New Starts program that restores the statutorily-prescribed process for recommending funding for New Starts and Small Starts projects. FTA now gives consideration to the full range of transit benefits: economic development, environmental, social, mobility and congestion relief benefits. FTA will be issuing an advanced notice of proposed rulemaking (ANPRM) to seek public input on potential revisions to the measures used for certain New Starts and Small Starts project justification criteria. The policy changes and criteria updates will better realize the livability and sustainability goals of the Obama Administration.

### **Greenhouse Gas Emissions**

Transportation has a large role to play in reducing greenhouse gas emissions as it accounts for 28 percent of all U.S greenhouse gas emissions—second only to emissions from utilities. Public transportation offers a low-emissions alternative to driving and facilitates compact development, further reducing travel distances and a community's carbon footprint. This budget consolidates existing research programs under a new "Greenhouse Gas and Energy Reduction" account funded at \$53 million to help deploy and demonstrate practical and common-sense public transportation solutions to reduce greenhouse gas emissions and promote public health.

### **Livable and Sustainable Communities**

Secretary LaHood has partnered with the Secretary of Housing and Urban Development (HUD) and the Administrator of the Environmental Protection Agency (EPA) to form an interagency Partnership for Sustainable Communities. This partnership will help improve access to affordable housing, provide more transportation options, and lower transportation costs while protecting the environment in communities nationwide.

Mr. Chairman, I have to give you credit for "jump starting" this effort by requiring that HUD and FTA work together to bring about greater coordination of housing and transportation in urban and rural communities. The agencies involved today, including EPA, are working under six guiding "livability principles" to coordinate Federal transportation, environmental, and housing investments. The principles include:

1. **Provide more transportation choices.** Develop safe, reliable and economical transportation choices to decrease household transportation costs, reduce our nation's dependence on foreign oil, improve air quality, reduce greenhouse gas emissions and promote public health.
2. **Promote equitable, affordable housing.** Expand location- and energy-efficient housing choices for people of all ages, incomes, races and ethnicities to increase mobility and lower the combined cost of housing and transportation.

3. **Enhance economic competitiveness.** Improve economic competitiveness through reliable and timely access to employment centers, educational opportunities, services and other basic needs by workers as well as expanded business access to markets.
4. **Support existing communities.** Target Federal funding toward existing communities – through such strategies as transit-oriented, mixed-use development and land recycling – to increase community revitalization, improve the efficiency of public works investments, and safeguard rural landscapes.
5. **Coordinate policies and leverage investment.** Align Federal policies and funding to remove barriers to collaboration, leverage funding and increase the accountability and effectiveness of all levels of government to plan for future growth, including making smart energy choices such as locally generated renewable energy.
6. **Value communities and neighborhoods.** Enhance the unique characteristics of all communities by investing in healthy, safe and walkable neighborhoods – rural, urban or suburban.

FTA has long fostered public transportation that enhances the development of communities and the livability of individuals within those communities. The budget provides \$306.9 million for grants that promote livability under three existing programs: Job Access and Reverse Commute, Alternatives Analysis, and Metropolitan and Statewide Planning. These programs further promote livable and sustainable communities, linking communities to affordable housing, increased pedestrian access, and improved connections between where people live, work, shop, socialize and receive health care services.

In December 2009, FTA announced the availability of \$130 million of Section 5309 funds for discretionary grants for Urban Circulator Systems that support the Department's Livability Initiative. As part of our joint coordination, HUD reviewed our Federal Register Notice soliciting proposals for urban circulator projects seeking less than \$25 million in Federal section 5309 resources. Funds will support urban circulator systems such as streetcars providing transportation options that connect urban destinations and foster redevelopment of urban spaces into walkable, mixed use, high density environments.

I am happy to announce that FTA received over 65 applications totaling over \$1.1 billion for our Urban Circulator Systems program. FTA is currently evaluating proposals based on the project's ability to advance local economic development goals, improve mobility for all citizens, and the ability to create partnerships that result in the integration of transportation and land-use decision-making that results in environmental benefits. We expect to announce these grants in June 2010.

Also in December 2009, FTA announced the Bus and Bus Facilities Livability Initiative program. The Livability Bus Program is funded using \$150 million in unallocated discretionary Bus and Bus Facilities program funds authorized under Federal Section 5309(b). The Livability Bus Program makes funds available to public transportation providers to finance capital projects to replace, rehabilitate, and purchase buses and related

equipment, and to construct bus-related facilities. FTA received over 260 applications totaling over \$2 billion for the Livability Bus Program. FTA is currently evaluating proposals based on the project's ability to advance local economic development goals, improve the mobility for all citizens, and create partnerships that result in the integration of transportation and land-use decision-making that results in environmental benefits. We expect to announce these grants in June 2010.

FTA will continue to further the Administration's sustainability and livability initiatives through more integrated regional planning to guide State, metropolitan and local decisions that link land use, transportation and housing policy. FTA is focusing on how grantees are using Federal transportation funds, leveraging these resources by partnering with recipients of other Federal funds, and implementing transit friendly policies and practices that achieve livability outcomes.

Mr. Chairman, one example of how the Livable and Sustainable Communities Partnership is achieving meaningful results can be seen in New England. In August 2009, the New England offices of HUD, EPA, and FTA began to discuss regional partnership opportunities that benefit communities throughout New England. Boston's Fairmount Corridor commuter rail line passes through diverse, predominately lower-income urban neighborhoods. Historically, the line has traveled from suburban locations directly into the central business district, bypassing large sections of urban communities. Today, work is underway to add four to five new stations along the rail corridor, providing access for the first time to residents in more vulnerable areas. The New England partnership is a great example of action taken to support this important livability initiative.

### **Success of the American Recovery and Reinvestment Act**

Since President Obama signed the American Recovery and Reinvestment Act (ARRA) in February 2009, the FTA has awarded 881 grants totaling \$7.5 billion -- which means all the formula transit funds provided by ARRA have been "obligated" or committed to specific projects meeting the deadlines required by law. So far, ARRA funds have supported the purchase of nearly 12,000 buses, vans and rail vehicles, the construction or renovation of more than 850 transit facilities, and the performance of more than \$620 million in preventive maintenance, which has helped keep transit service running and save jobs.

Investing in these transit upgrades not only puts construction workers on the job at project sites, but supports American manufacturing jobs all the way down the supply chain. In addition to the direct employment impact of the projects, domestic bus, seating, and rail car manufacturers have received orders that are helping boost production and support jobs. For example, Orion Bus in Greensboro, North Carolina has now received 10 contracts for nearly 300 buses supported by ARRA funds -- orders the company says allowed it to maintain 176 jobs. Gillig Bus in Hayward, California has received orders for 790 buses using ARRA funds -- work the company says allowed them to support 395 jobs. The American Seating Company in Grand Rapids, Michigan, a bus seating manufacturer, says they received \$3 million in ARRA funded contracts last year allowing them to add 11 full-time employees with additional job growth expected in 2010 thanks to ARRA.

In addition to ARRA formula funds, FTA obligated 100 percent of almost \$750 million in ARRA discretionary funds for New Starts and Small Starts projects nationwide. Investing in modern, efficient transit systems will mean safe, reliable travel and clean air in our communities. These projects are putting thousands of Americans to work right now while improving the lives of millions of Americans for years to come.

In summary, this budget supports the Administration's domestic and fiscal priorities including the advancement of affordable and flexible transportation choices. It supports the Secretary's number one priority -- transportation safety. It also supports the Secretary's initiative to create livable communities that will result in a better quality of life for all Americans through a more efficient and accessible transportation network.

Thank you for the opportunity to appear before the Subcommittee. I would be happy to answer any questions.

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